

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EURE-00 CIAE-00 COME-00 EB-07
INR-07 LAB-04 NSAE-00 SIL-01 FRB-03 TRSE-00 /048 W
-----071953 061656Z /47

P R 061544Z JUL 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 5851
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY ROME
USMISSION NATO
AMEMBASSY PARIS
USMISSION GENEVA
USNMR SHAPE
AMCONSUL BELFAST
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PASS LABOR, TREASURY, FRB

E.O. 11652: N/A
TAGS: ELAB, UK, PINT
SUBJECT: PAY POLICY: THE PACE QUICKENS
BEGIN SUMMARY. JACK JONES, GENERAL SECRETARY OF THE
TRANSPORT AND GENERAL WORKERS UNION (TGWU), AT HIS
UNION'S CONFERENCE ON THE ISLE OF MAN, WILL ATTEMPT TO-
DAY (JULY 6) TO UNDO SOME OF THE DAMAGE TO GOVERNMENT'S
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PAY POLICY HOPES WHICH OCCURRED AT YESTERDAY'S CONFER-
ENCE OF THE NATIONAL UNION OF MINERS (NUM) MEETING IN
NORTHUMBERLAND. THE MINERS FAILED TO HEED NUM LEADER
JOE GORMLEY'S CALL FOR PRUDENCE AND REJECTED A PIT
PRODUCTIVITY AGREEMENT WHILE CALLING FOR 135-POUND
WEEKLY WAGE BEGINNING IN NOVEMBER. THE TGWU AND NUM
CONFERENCES ARE THE LAST MAJOR MEETINGS IN THIS YEAR'S

ANNUAL CONFERENCE SEASON FOLLOWING WHICH THE GOVERNMENT AND THE TUC MUST GET TO THE "NITTY-GRITTY" OF A PAY AGREEMENT, IF ONE IS STILL FORTHCOMING. END SUMMARY.

1. JACK JONES, OFTEN REFERRED TO AS THE "FATHER OF THE SOCIAL CONTRACT" BETWEEN THE TUC AND THE GOVERNMENT, IS EXPECTED TO PRESS HARD TODAY (JULY 6) AT HIS UNION'S CONFERENCE ON THE ISLE OF MAN FOR AN ORDERLY RETURN TO FREE COLLECTIVE BARGAINING RATHER THAN "A RETURN TO UN-FETTERED COLLECTIVE BARGAINING FROM AUGUST 1, 1977" WHICH IS SUGGESTED BY A RESOLUTION SUPPORTED BY A SIGNIFICANT NUMBER OF THE UNION'S DELEGATES. IN PRACTICAL TERMS, AN "ORDERLY RETURN" MEANS THE PREVENTION OF A WAGES EXPLOSION THROUGH SOME BRAKING MECHANISM. JONES IS EXPECTED TO URGE THE 1,000 DELEGATES THAT THEY ACCEPT SUCH A BRAKING MECHANISM IN THE FORM OF ADHERENCE TO THE SO-CALLED "TWELVE-MONTH" RULE (ALREADY APPROVED OVERWHELMINGLY BY THE TUC GENERAL COUNCIL). THIS RULE STIPULATES THAT UNIONS WHICH HAVE ALREADY SETTLED UNDER PHASE II RESTRAINTS WILL NOT NOW INSIST ON REOPENING NEGOTIATIONS FOR MORE PAY UNTIL TWELVE MONTHS HAVE PASSED, EVEN IF THERE IS NO FORMAL PHASE III. THIS IS JONES' LAST CONFERENCE BEFORE HE MAKES WAY FOR GENERAL SECRETARY-ELECT MOSS EVANS IN MARCH 1978, AND, AS ONE WHO MORE THAN ANY OTHER TRADE UNION LEADER IN BRITAIN ASSURED TUC SUPPORT FOR THE LABOR GOVERNMENT, HE UNLIMITED OFFICIAL USE

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DOUBTEDLY WILL NOT WISH TO PRESIDE OVER A CONFERENCE WHICH MIGHT STRIKE A SERIOUS POLITICAL BLOW AT THAT GOVERNMENT.

2. THE MINERS YESTERDAY HARDLY PROVIDED THE "SHOT IN THE ARM" WHICH THE GOVERNMENT SEEKS THROUGH A PAY ACCORD WITH THE UNIONS. ON THE CONTRARY, FIRST, THEY REJECTED NUM PRESIDENT JOE GORMLEY'S CALL FOR PRUDENCE BY PASSING A RESOLUTION WHICH CALLED ON THE NUM EXECUTIVE TO SEEK 135 POUNDS A WEEK FOR COAL-FACE WORKERS BY NOVEMBER. THIS, IF PRESSED AND ACHIEVED, WOULD NOT ONLY DO AWAY WITH ANY SERIOUS RESTRAINT, BUT WOULD ALSO CRACK THE TWELVE-MONTH PAY LIMIT SINCE THE MINERS' AGREEMENT DOES NOT EXPIRE UNTIL MARCH 1978. THIS RESOLUTION WAS CONSIDERED MORE "MODERATE" THAN ANOTHER WHICH WAS DEFEATED, SINCE IT DID NOT ABSOLUTELY BIND THE LEADERSHIP. HOWEVER, IN A SECOND RESOLUTION THE MINERS REJECTED A PIT-BY-PIT INCENTIVE PRODUCTIVITY SCHEME, BY A NARROW VOTE OF 137 TO 134. APART FROM THE INTRINSIC IMPORTANCE OF THE SCHEME, WHICH IS DESIGNED TO BOLSTER LAGGING COAL PRODUCTION, AN AGREEMENT ON PRODUCTIVITY, WITH A REPORTED MONETARY VALUE OF UP TO 20 POUNDS OER

WEEK, WOULD ALSO HAVE SERVED TO DIMINISH WAGE PRESSURES
FROM THE MINERS.

3. ALL IS NOT YET LOST. AS GORMLEY TOLD HIS MEMBERS

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-- EVEN IF THEY DID NOT HEED HIS MESSAGE -- THE OTHER
UNIONS ARE NOT
LIKELY TO SUPPORT A MINERS "GO IT ALONE"
ACTION IN THE EVENT THAT THERE IS AN AGREEMENT ON AN
ORDERLY RETURN TO FREE COLLECTIVE BARGAINING. TODAY'S
TGWU CONFERENCE DECISION IS IN SOME MAJOR RESPECTS THE
MORE CRITICAL DECISION. IF THE TGWU, WITH ITS 1.9 MIL-
LION VOTES IN THE TUC CONGRESS, DECIDES NOT TO KICK OVER
THE TRACES, IT WILL HAVE A MAJOR IMPACT ON A FINAL TUC-

GOVERNMENT UNDERSTANDING.

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4. THE TUC MAINSTREAM, WHICH OF COURSE INCLUDES JONES, IS AWARE OF THE STAKES INVOLVED IN THIS YEAR'S NEGOTIATIONS WITH THE GOVERNMENT. THIS IS A TIME OF REAL TESTING FOR THE GOVERNMENT AND THE TUC ON THE CONTINUED VIABILITY OF THE SOCIAL CONTRACT AND OTHER SERIOUS ISSUES (SEE SEPTEL LONDON 11117). IT IS TRUE, OF COURSE, THAT WORKERS ARE IMPATIENT ABOUT WAGE CONTROLS, RESTIVE ABOUT UNEMPLOYMENT AND BITTER ABOUT INFLATION AND ARE PRESSING FOR A RETURN TO FREE COLLECTIVE BARGAINING. UNION LEADERS CANNOT IGNORE THIS PRESSURE, BUT THEY ARE SEEKING TO CHANNEL IT. THE TUC MAINSTREAM -- AND MODERATE -- LEADERSHIP VERY CLEARLY, AND OFTEN PASSIONATELY, PREFERS A LABOR GOVERNMENT TO THAT OF THE CONSERVATIVE ALTERNATIVE. MOREOVER, JONES AND HIS FELLOWS WISH TO AVOID ANOTHER SCHISM SUCH AS THAT WHICH DIVIDED THE TUC AND THE LABOR GOVERNMENT IN THE LATE 1960'S. THE MODERATES WILL TRY TO WORK OUT SOME SORT OF WAGE UNDERSTANDING WHEN THE PRESENT RESTRAINTS EXPIRE ON JULY 31. IF THE TGWU FOLLOWS JONES' LEAD, THEIR HAND WILL BE GREATLY STRENGTHENED. THIS MEANS AT BEST A LOOSE, AND PERHAPS COSMETIC, ARRANGEMENT WHICH COULD PROVIDE AN ESSENTIAL BRAKING MECHANISM AND ALLOW THE GOVERNMENT TO DECLARE THAT THERE WILL BE NO WAGES EXPLOSION. IF JONES IS REBUFFED, THE ODDS AGAINST EVEN A LOOSE AGREEMENT ARE LIKELY TO PROVE ALMOST OVERWHELMING.

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Disposition Approved on Date:
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Subject: PAY POLICY: THE PACE QUICKENS BEGIN SUMMARY. JACK JONES, GENERAL SECRETARY OF THE TRANSPORT AND GENERAL WORKERS UNION (TGWU), AT HIS
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Type: TE
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